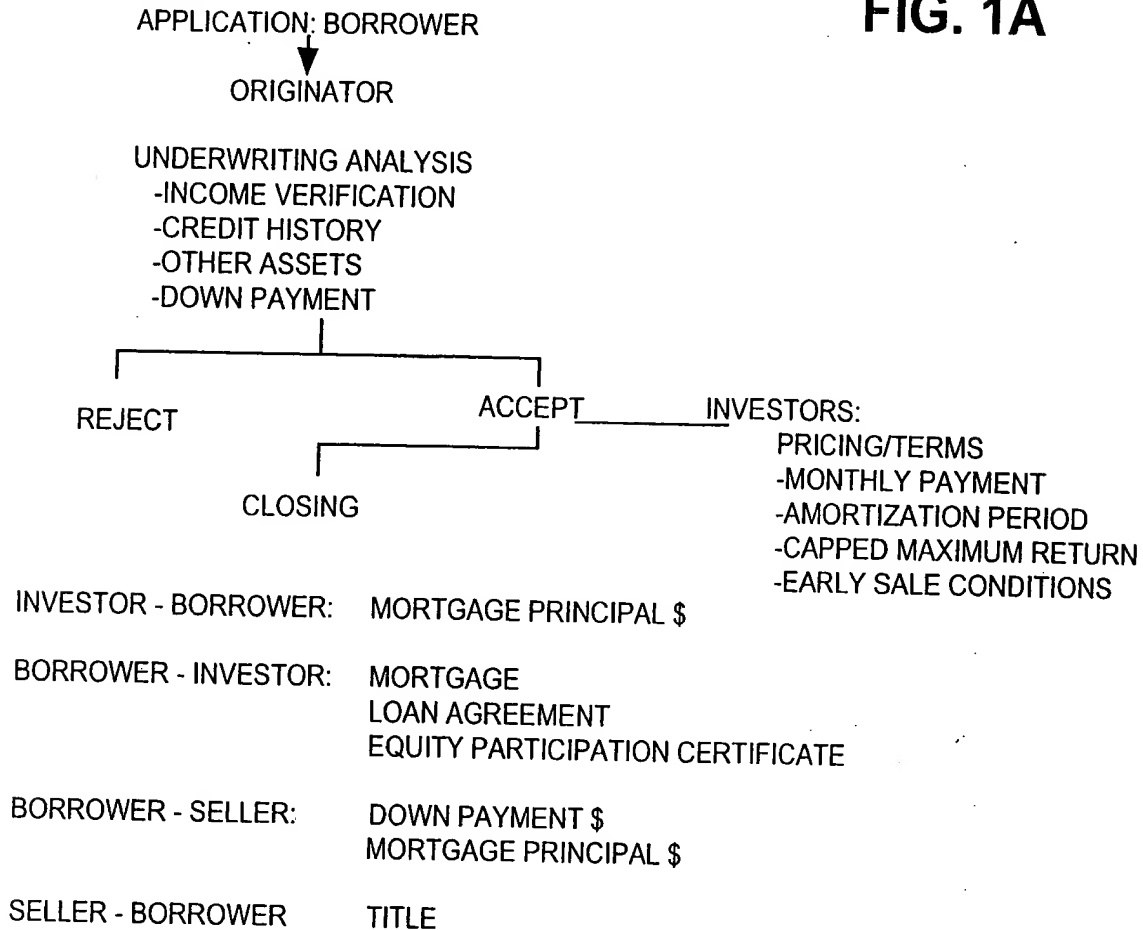




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FIG. 1A

I. ORIGINATION



II. AMORTIZATION PERIOD - MONTHS 1 THROUGH N

PAYMENT(1) BORROWER → PERIODIC PRINCIPAL \$ - SERVICER _____ INVESTOR
REPAYMENT - PROCESS

-CALCULATE AVG AMORT. PERIOD PRINCIPAL
(TOTAL MONTHLY PRINCIPAL OUTSTANDING
÷ #MONTHS SINCE ORIGINATION)

- SALE:
- DETERMINE REALIZED APPRECIATION
(NET SALE PRICE - PURCHASE PRICE)
 - CALCULATE MAXIMUM CAPPED ANNUAL RETURN
(E.G., AVG. AMORT. PERIOD INDEX % + _____ %)
 - MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
 - DIVIDE PROCEEDS
(E.G., IF $X = [\text{NET SALES PRICE} - \text{PURCHASE PRICE} - (\text{iii.})] > 0$,
THEN BORROWER RETAINS X)

→ FINAL PRINCIPAL PAYMENT \$ → SERVICER _____ \$ INVESTOR

-PROCESS
-RECALCULATE AVG AMORTIZATION
PERIOD PRINCIPAL

PAYMENT (N)



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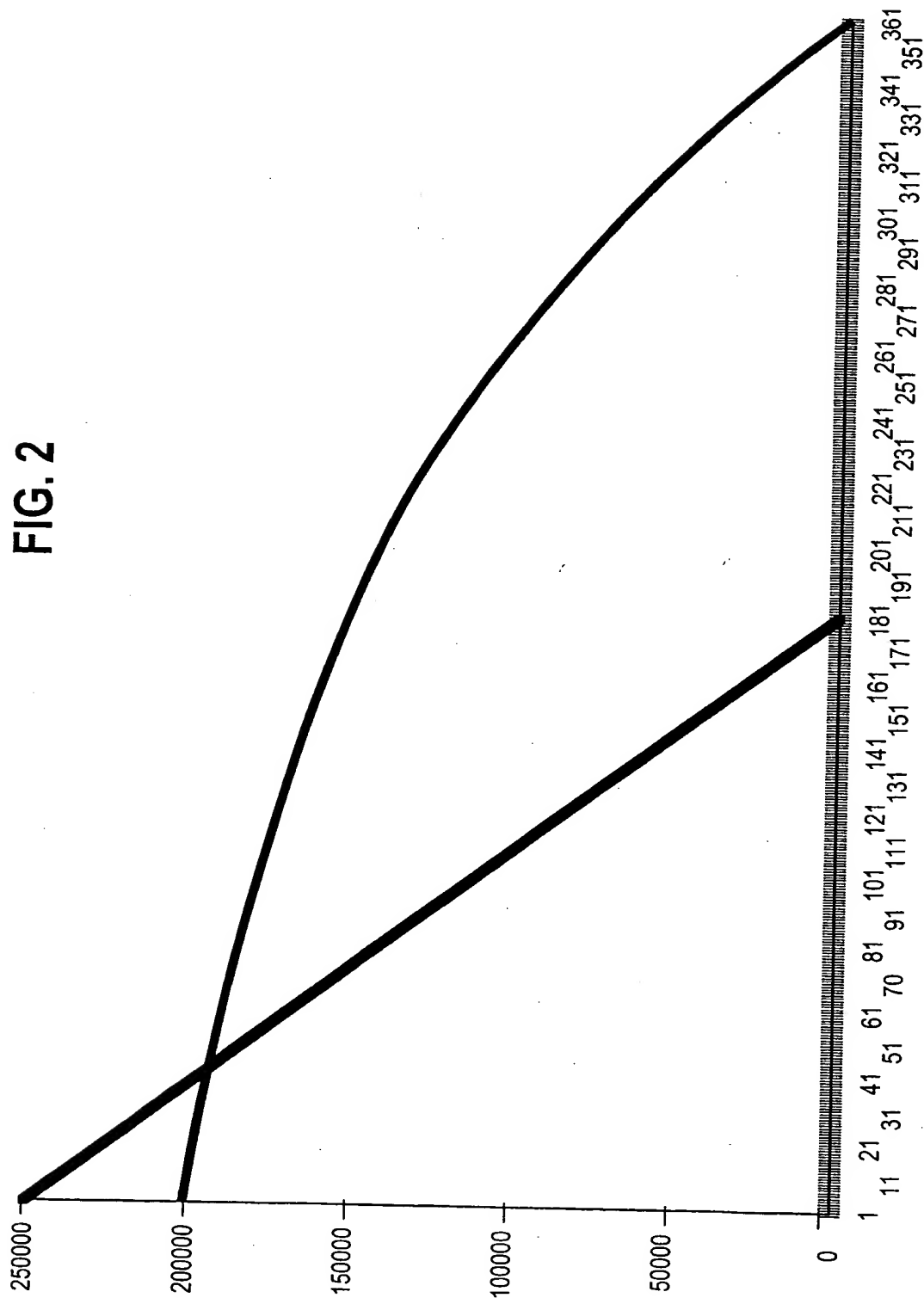
FIG. 1B

III. POST AMORTIZATION PERIOD

- SALE:
- i. DETERMINE REALIZED APPRECIATION
NET SALE PRICE - PURCHASE PRICE)
 - ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN
(E.G., AVG. AMORT. PERIOD INDEX % + ____ %)
 - iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
 - iv. DIVIDE PROCEEDS
(E.G., IF $X = [\text{NET SALES PRICE} - \text{PURCHASE PRICE} - (\text{iii.})] > 0$,
THEN BORROWER RETAINS X)



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FIG. 3

